

Sunset Public Hearing Questions for  
**Board for Licensing Alarm Systems Contractors**

Created by Section 62-32-306, *Tennessee Code Annotated*  
(Sunset termination June 2012)

**1. Provide a brief introduction to the board, including information about its purpose, statutory duties, staff, and administrative attachment.**

RESPONSE:

The Tennessee Alarm System Contractors Board provides uniform procedures and qualifications throughout Tennessee for the certifying, licensing and regulation of alarm systems contractors and to protect the safety and security of person and property by assuring the competence of individuals or companies offering alarm systems and services to the general public. The Board conducts investigations and compliance inspections regarding alleged violations in order to determine if certified companies, licensees and registrants are complying with statutes, rules and regulations, and to document unlicensed activity. The Board may deny, suspend or revoke any certification, license or registration issued to any applicant or licensee who fails to satisfy the requirement of this Act or rules.

Administrative Staff:

One (1) Executive Director\*\*

\*\*Salary and job duties are shared with three (3) other security related Boards- "Private Protective Services", "Private Investigation and Polygraph Commission" and "Locksmith Licensing Program".

One (1) Administrative Assistant RB3

One (1) Administrative Assistant RB2\*\* (Complaint Coordinator)

Two (2) Licensing Technicians

Administrative Attachment:

The Tennessee Alarm Systems Contractors Board is administratively attached to the Division of Regulatory Boards in the Department of Commerce & Insurance.

**2. Provide a list of current members of the board and explain how membership complies with Sections 62-32-306 and 62-32-308, *Tennessee Code Annotated*. Are there any vacancies on the board? If so, what steps have been taken to fill the vacancies? Has the Governor under the authority granted in Section 62-32-308(e), *Tennessee Code Annotated*, removed any members "for official misconduct, incompetency, willful neglect of duty or demonstrated lack of good moral character by conduct that would disqualify an applicant from being registered..."?**

RESPONSE:

Board member appointments (5) are made by the Governor:

Vivian L. Hixson, Board Chair

Chattanooga, TN

Public Member, East TN,

Female, Age (45-59)

Term expires December 31, 2014

McKenzie C. Roberts, Vice Chair

McMinnville, TN

Engaged in Alarm Contracting,

Middle TN, Male, Age (60+)

Term expires December 31, 2011

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Karen D. Jones, Secretary  
Knoxville, TN  
Engaged in Alarm Contracting,  
East TN, Female, Age (45-59)  
Term expires December 31, 2015

Steven R. Tucker  
Bartlett, TN  
Engaged in Alarm Contracting,  
West TN, Male, Age (45-59)  
Term expires December 31, 2012

John Keith Harvey  
Jackson, TN  
Engaged in Alarm Contracting,  
West TN, Male, Age (under 45)  
Term Expires December 31, 2013

There are no vacancies and one (1) Board member was removed for misconduct in 1999 for violation of T.C.A. 62-32-308...failure to maintain Alarm Qualifying Agent License.

3. **Does the board's membership include public/citizen members?      Yes**  
**Female members?      Yes**  
**Members of a racial minority?      Yes**  
**Members who are 60 years of age or older?      Yes**
  
4. **How many times did the board meet in fiscal years 2010 and 2011, and how many members were present at each meeting?**  
 RESPONSE:  

FY 2010 – Six (6) meetings held	FY 2011 – Seven (7) meetings held
09/2009    4 members	08/2010    5 members
11/2009    3 members	10/2010    5 members (Formal)
12/2009    5 members	10/2010    3 members
02/2010    5 members	12/2010    5 members
04/2010    5 members	02/2011    4 members
06/2010    5 members	03/2011    4 members
	05/2011    5 members
  
5. **What per diem or travel reimbursement do board members receive? How much was paid to board members during fiscal years 2010 and 2011?**  
 RESPONSE:  
 Board members are not paid a per diem, T.C.A. 62-32-310(f), but are entitled to reimbursement for travel expenses under the Tennessee Comprehensive Travel Regulations.  
 FY 2010    \$8,934.69      FY 2011    \$8,902.03
  
6. **What were the board's revenues (by source) and expenditures (by object) for fiscal years 2010 and 2011? Section 62-32-307(b), *Tennessee Code Annotated*, empowers the board to set fees "sufficient to pay the annual expenses of the board." Section 62-32-318, *Tennessee Code Annotated*, sets out the specific types of fees the board can charge and further states, "the total amount of fees annually established by the board shall equal the direct and indirect anticipated expenses of the board for the year." Has the board been successful in meeting these mandates?**

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RESPONSE:

EXPENDITURES BY OBJECT	FY 09-10	FY 10-11
Regular Salaries and Wages (70100)	86,417	156,491
Longevity (70102)	5,400	9,052
Overtime (70104)	270	356
Employee Benefits (702)	44,879	82,711
Travel (703)	2,764	9,171
Printing, Duplicating & Film Proc. (704)	0	0
Utilities and Fuel (705)	0	0
Communications & Shipping (706)	4,737	5,736
Maint., Repairs and Svcs by Others (707)	0	0
Third Party Prof. & Admin. Svcs (708)	390	125
Supplies and Office Furniture (709)	893	3,984
Rentals and Insurance (710)	1,236	0
Motor Vehicle Operation (711)	0	0
Awards and Indemnities (712)	0	0
Grants and Subsidies (713)	0	0
Unclassified Expenses (714)	0	0
Inventory (715)	0	0
Equipment (716)	0	0
Land (717)	0	0
Buildings (718)	0	0
Lost Discounts (719)	0	0
Highway Construction (720)	0	0
Training of State Employees (721)	0	0
Computer Related Items (722)	0	4,597
State Prof. Svcs. (725)	207,763	123,260
Cost Backs	170,118	156,791
<b>TOTAL EXPENDITURES</b>	<b>524,867</b>	<b>552,275</b>
<b>NET REVENUE</b>	<b>632,275</b>	<b>779,592</b>
<b>Fiscal Year Balance</b>	<b>107,408</b>	<b>227,317</b>

7. Is the board subject to Sunshine law requirements (Section 8-44-101 et seq., *Tennessee Code Annotated*) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? If so, what procedures does the board have for informing the public of meetings and making minutes available to the public?

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RESPONSE:

Yes. Digital video recordings are made of Board meetings and posted on the Board website, and minutes are transcribed and kept in board office. Board meetings are scheduled one (1) year in advance and the notice and agenda are posted on the Board website and public notice is given in compliance with the "Sunshine Law".

- 8. Please describe what policies and procedures the board has in place to address potential conflicts of interest by board members, staff and employees.**

RESPONSE:

Annual conflict of interest statements are required for all Board members and conflict of interest is addressed during the Board member orientation. All staff members are required annually to sign a conflict of interest form.

- 9. What were the board's major accomplishments during fiscal years 2010 and 2011?**

RESPONSE:

FY 2010 - 106 open complaints                      FY 2011 - 59 open complaints

The Board has set guidelines for civil penalties authorized in reference to complaints for added consistency and uniformity. The Board has lowered the amount of complaints through oversight and investigation of alleged violations and collection of civil penalties. Consumer alert regarding door to door sales has been added to the website with information concerning the Consumer Protection Act.

- 10. What actions has the board taken to accomplish the requirement set out in Section 62-32-307(c), *Tennessee Code Annotated*, to "determine minimum qualifications or establish minimum education, experience and training standards for applicants for certifications and licenses..."?**

RESPONSE:

The Board has promulgated rules for employee applicants relative to standard criminal background checks, transfer and termination notice requirements. Criteria has been established for qualifying education, continuing education and alarm employee training. Licensees and applicants can access this information on the Board website.

- 11. How many applications for licensing, certification or registration did the board receive during each fiscal year of 2010 and 2011? Of those, how many licenses, certifications or registrations were granted? How many were denied and what were the primary reasons for denial? How many licenses, certifications or registrations were suspended or revoked during the same period?**

RESPONSE: Alarm Registered Employee (3301) – Alarm Qualifying Agent (3302) - Alarm Company (3303)

**Applications Received in FY 2010 and FY 2011, by profession**

Fiscal Year: Jul 2009 — Jun 2010							
Prof. Code	By Transaction Type:			By Application Status:			
	Initial App.	Reapply	Total Appl.	Approved	Denied	Other	Total Appl.
RE : 3301	1,483	230	1,713	1,387	326	0	1,713
QA : 3302	62	13	75	47	26	2	75
AC : 3303	65	9	74	59	15	0	74

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Fiscal Year: Jul 2010 — Jun 2011

Prof. Code	By Transaction Type:				By Application Status:			Total Appl.
	Initial App.	Reapply	Total Appl.		Approved	Denied	Other	
RE : 3301	2,129	295	2,424		1,859	519	46	2,424
QA : 3302	70	16	86		46	11	29	86
AC : 3303	63	11	74		51	7	16	74

**FY 2010**   Revoked (2)   Suspended (1)      **FY 2011**   Revoked (1)   Suspended (0)

Reasons for denial are material misstatements regarding criminal history, and a criminal record that provides prima facie evidence of poor moral character.

Suspension includes failure to pay child support and a defaulting on a state or federal educational loan.

**12. An earlier performance audit of the Professional Regulatory Boards found that:**

- (A) the board had not consistently taken action against alarm companies and qualifying agents whose licenses have expired and are therefore operating on invalid licenses; and
- (B) the board was not timely in sending letters to licensees requesting a response to complaints filed against them.

**What is the board currently doing to assure that these weaknesses do not reoccur?**

RESPONSE: This 1999 audit finding has been addressed.

(A) If the alarm company or qualifying agent has made no attempt to renew, the license becomes invalid and a notice is sent advising the alarm company or qualifying agent of the expiration of the certification or license. The notice states that they are not to engage in the business of alarm systems contracting until the certification or license is renewed and it is returned to an “active” status. At the end of the three (3) month late renewal period, the license status is changed to “expired”. If the Board receives information that an alarm company or qualifying agent is still working, a complaint is established.

(B) Executive Director and Complaint Coordinator have set measures in place to ensure complaints are processed in the time frame that is required in the Standard Operation Procedure manual. Complaint letters have been amended to accurately notify the Respondent of the alleged violation, pertinent law and/or rule that has been allegedly violated, and the amount of time in which the Respondent has to submit a response. Upon completion of the process, the Board’s legal counsel presents the complaint to the Board in an anonymous fashion. In order to assist the Executive Director and Board’s legal counsel, administration provides monthly reports for purpose of assisting in tracking and monitoring of open complaints. Quarterly meetings are held with the Assistant Commissioner to review status of open complaints.

**13. Section 62-32-307(e), *Tennessee Code Annotated*, requires the board to “conduct investigations regarding alleged violations and make evaluations as may be necessary to determine if certified companies, licensees and registrants ... are complying with the provisions of this part [of the statute]. The board may also investigate allegations regarding possible violations of this part [of the statute] by unregistered persons and shall seek enforcement under Section 62-32-320.” Subsection (f) allows the board to “investigate allegations regarding improper, inadequate or ineffective alarm system installations and seek enforcement under Section 62-32-320.” How**

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**many investigations were undertaken by the board during fiscal years 2010 and 2011 and what were the results of those investigations?**

RESPONSE:

FY 2010 22 investigations/inspections

FY 2011 15 investigations/inspections

The Board's legal counsel has initiated twenty (20) informal investigations to further clarify the alleged violation contained in the complaints.

The results include cease and desist orders, revocations, suspensions, and an increase in civil penalties paid by licensees and unlicensed companies for committing violations under the Act and rules.

- 14. Section 62-32-320, *Tennessee Code Annotated*, permits the board to pursue “civil remedies at law or equity to restrain or enjoin any unauthorized practice or other violation” of the statutes the board is charged with enforcing and further permits the imposition of civil penalties by the board. How often and to what extent has the board exercised these powers? Give three or four recent examples.**

RESPONSE:

The Board has set informal guidelines for authorizing civil penalties against a Respondent based upon the nature and extent of harm associated with the type of violation committed, so as to provide consistency and prevent disciplinary matters from being considered arbitrary and capricious.

- (1) In 2011, the Board was presented ten (10) separate complaints against a licensed alarm company and its qualifying agents for alleged violations of unlicensed activity by and through the employment of unregistered employees. The Board, by and through its legal counsel, was able to informally resolve all ten (10) complaints for a payment of eighteen thousand dollars (\$18,000).
- (2) From 2006 to 2010, the Board had been presented with eight (8) complaints against a licensed alarm company and its qualifying agent for numerous compliance-related violations. The Board offered the company several opportunities to resolve the complaints with civil penalties and in 2011 resolved all eight (8) complaints with payment of thirteen thousand dollars (\$13,000).
- (3) The Board held a formal hearing in 2010 against a company alleging several instances of unlicensed alarm activity. The Board issued a Final Order against the company for a civil penalty of five thousand dollars (\$5,000) plus all investigative and court costs associated with the hearing and payment is pending.

- 15. Has the board entered into any reciprocal agreements with other states as authorized by Section 62-32-307(k), *Tennessee Code Annotated*? If so, please provide specifics. Have any such agreements been planned but not yet accomplished?**

RESPONSE:

T.C.A. 62-32-307(k)...grants the Board the ability to enter into reciprocal agreements with other states whose laws are similar; provided, other state's law provides for liability insurance coverage, background checks, education or experience equal to or greater than Tennessee. To date, no other state has shown interest in such an agreement.

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- 16. What reports does the board prepare concerning its activities, operations and accomplishments? Who receives copies of these reports? Please attach copies of any such reports issued during fiscal years 2010 and 2011.**

RESPONSE:

The Board website contains staff contact information, license requirements and applications, laws and rules, meeting calendars, disciplinary reports, complaint form and instructions, instructions on how to access public information for downloadable reports, and frequently asked questions.

- 17. Has the board promulgated rules as authorized in Section 62-32-307(a) and (g), *Tennessee Code Annotated*? If so, please cite the reference.**

RESPONSE:

Original rules became effective February 28, 1993. Amendments were made in 1994, 1996, 1998, 2004 and 2009. Reference Chapter 0090-1 through Chapter 0090-5.

- 18. Please provide a breakdown of current board staff by title, ethnicity, and gender.**

RESPONSE:

Executive Director\*, Caucasian, Female

Salary and job duties are shared with three (3) other security related Boards- "Private Protective Services", "Private Investigation and Polygraph Commission" and "Locksmith Licensing Program".

Administrative Assistant, RB3, Caucasian, Female

Administrative Assistant, RB2, Egyptian, Female

Licensing Technician, Egyptian, Female

Licensing Technician, Caucasian, Male

- 19. Please list all board contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.**

RESPONSE:

No Cost Examination Contract with Prometric Holdings, LLC. Contracts were awarded through RFP Bid Process on July 01, 2007, expires June 30, 2012.

- 20. Describe any items related to the board that require legislative attention and your proposed legislative changes.**

RESPONSE:

None

- 21. Should the board be continued? To what extent and in what ways would the absence of the board affect the public health, safety, or welfare?**

RESPONSE:

Yes. The procedures and qualifications for certification, license and registration were put in place to protect the safety and security of persons and property by assuring the competence of individuals or companies offering alarm systems and services to the general public.